

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE CITY OF BURKESVILLE)	
FOR AN ADJUSTMENT OF RATES)	CASE NO. 96-016

O R D E R

Following the commencement of this proceeding, the City of Burkesville ("Burkesville"), Commission Staff, and Cumberland County Water District ("Cumberland County") entered into negotiations to resolve all disputed issues. On July 12, 1996, they executed a Settlement Agreement, which is appended hereto, and subsequently submitted it for Commission approval.

After reviewing the Settlement Agreement and being otherwise sufficiently advised, the Commission finds that the Settlement Agreement is in the public interest, results in a reasonable resolution of this case and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. The Settlement Agreement, appended hereto, is incorporated into this Order as if fully set forth herein.
2. The terms and conditions set forth in the Settlement Agreement are adopted and approved.
3. Burkesville shall within 30 days from the date of this Order file its revised tariff setting out its approved rate of \$1.67 per 1,000 gallons for service provided to Cumberland County.

Done at Frankfort, Kentucky, this 16th day of July, 1996.

PUBLIC SERVICE COMMISSION

Jinda K. Breathitt
Chairman

[Signature]
Vice Chairman

Robert M. Davis
Commissioner

ATTEST:

Don Mills
Executive Director

APPENDIX A

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 96-016 DATED JULY 16, 1996

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE CITY OF)
BURKESVILLE FOR AN ADJUSTMENT) CASE NO. 96-016
OF RATES)

SETTLEMENT AGREEMENT

This Agreement is made and entered into this 12th day of July, 1996 by and between the Staff of the Public Service Commission of Kentucky ("Staff"), the City of Burkesville, Kentucky and Cumberland County Water District.

W I T N E S S E T H

THAT on January 10, 1996, the City of Burkesville, Kentucky filed its Petition and Notice proposing a wholesale water rate of \$1.68 per 1,000 gallons for water purchased by Cumberland County Water District.

THAT on March 4, 1996 the Public Service Commission ("Commission") suspended the operation of the City of Burkesville, Kentucky's tariff pursuant to KRS 278.190 through August 31, 1996.

THAT Cumberland County Water District sought and was granted full intervention in this proceeding.

THAT in order to resolve the issues before the Commission regarding the City of Burkesville, Kentucky's proposed wholesale water rate, the City of Burkesville, Kentucky and Cumberland County Water District and Staff have agreed to the following:

NOW, THEREFORE, be it resolved that for the purposes of settling this matter:

1. The City of Burkesville, Kentucky, Cumberland County Water District and Staff agree that all outstanding issues raised in this proceeding shall be resolved by this Agreement.

2. The City of Burkesville, Kentucky, Cumberland County Water District and Staff agree that a wholesale water rate of \$1.67 per 1,000 gallons for water sold to Cumberland County Water District is a reasonable rate for such wholesale service effective with service rendered on and after July 25, 1996 and is not limited to or based upon any specific methodology or adjustments.

3. This Agreement is reasonable and will result in a fair, just, and reasonable wholesale rate for water to be provided by the City of Burkesville, Kentucky to Cumberland County Water District and should be adopted by the Commission.

4. This Agreement is subject to the approval of the Commission.

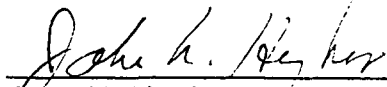
5. If the Commission fails to accept and approve this Agreement in its entirety, this proceeding shall go forward and neither the terms of this Agreement nor any other matters raised during negotiations shall be binding on any signatory.

6. If the Commission accepts and adopts this Agreement in its entirety, neither the City of Burkesville, Kentucky nor Cumberland County Water District shall apply for rehearing nor bring an action for judicial review.

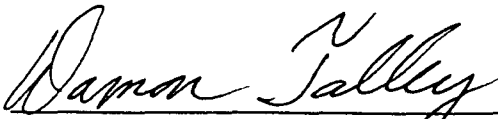
7. This Agreement is submitted for purposes of this case only and is not deemed binding on the signatories hereto in any other proceeding nor is it to be offered or relied upon in any other proceeding involving the signatories.

8. The signatories agree that the foregoing Agreement is reasonable, in the best interest of all concerned, and resolves the issues presented in this case to the satisfaction of the City of Burkesville, Kentucky, Cumberland County Water District and Staff and urge the Commission to adopt the Agreement in its entirety.

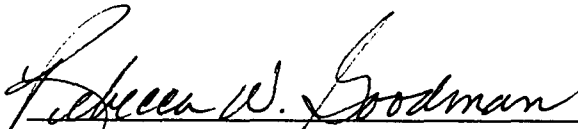
AGREED TO BY:



John N. Hughes
Counsel for the City of Burkesville, Kentucky



Damon Talley
Counsel for Cumberland County Water District



Rebecca W. Goodman
Counsel for Commission Staff